

# **SMALL BUSINESS LOAN FUND CORPORATION**

## **MINUTES OF THE BOARD OF DIRECTORS**

**February 24, 2011**

### **PUBLIC SESSION**

A monthly meeting of the Board of Directors (the "Board") of the Small Business Loan Fund Corporation (the "Corporation") was held in public session at the offices of the Rhode Island Economic Development Corporation, 315 Iron Horse Way, Suite 101, Providence, Rhode Island on February 24, 2011 at approximately 9:30 a.m., pursuant to notice of the meeting to all Directors, and public notice of the meeting as required by the By-Laws of the Corporation and by Rhode Island General Law 42-46-6.

The following Directors were present and participated throughout the meeting: Mr. Raymond Fogarty (Chair), Ms. Leslie Taito and Mr. Richard DeMerchant.

The following Director(s) were absent: Mr. William Parsons and Mr. Thomas Stocker.

Also present were: Sean W. Esten, Corporation Administrator, Stacy Farrell, Corporation Staff, Steven Noack, Corporation Administrator, Earl F. Queenan, Jr., Corporation Administrator, Susan Morgan, Director of Accounting, Paul Harley, Moses & Afonso, Ltd. and Thomas V. Moses, Legal Counsel, Moses & Afonso, Ltd.

Mr. Fogarty presided over the meeting.

#### **1. Call to Order.**

Mr. Fogarty called the meeting to order at 9:30 a.m.

#### **2. Approval of the Minutes of the Meeting Held on January 31, 2011.**

The first item to come before the Board was approval of the Public Session Minutes and the Executive Session Minutes of the Board meeting held on January 31, 2011. Upon motion duly made by Mr. DeMerchant and seconded by Ms. Taito, the motion to approve the Public Session Minutes and the Executive Session Minutes of the meeting held on January 31, 2011 was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Fogarty, Ms. Taito, and Mr. DeMerchant.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: Mr. William Parsons and Mr. Thomas Stocker.

**3. Maintain the Executive Minutes of January 31, 2011 Confidential.**

The next item to come before the Board was a vote to maintain the confidentiality of the Executive Session Minutes of the Board meeting held on January 31, 2011. Upon motion duly made by Mr. DeMerchant and seconded by Ms. Taito, the motion to maintain the confidentiality of the Executive Session Minutes of the Board meeting held on January 31, 2011 was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Fogarty, Ms. Taito, and Mr. DeMerchant.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: Mr. William Parsons and Mr. Thomas Stocker.

**4. Report of Cash Position as of January 31, 2011.**

Mr. Esten presented the report of Cash Position as of January 31, 2011 and updated the Board regarding the fund's compliance status. Ms. Taito asked how many new packages were being considered. Mr. Esten noted that at least two (2) new packages were under consideration and that several additional deals were in the development stage.

Regarding the Cash Position, Mr. Fogarty inquired as to the amount of anticipated excess in the fund. Mr. Esten provided details regarding the same and also updated the Board regarding the marketing efforts of the Corporation's staff with respect to attracting new deals.

**5. Delinquency Loan Report as of January 31, 2011.**

Mr. Esten presented the Delinquency Loan Report as of January 31, 2011 and advised the Board that Mr. Noack would be updating the same. Mr. Esten discussed the collection report and advised the Board as to the status of the loan with Subsalue USA, Inc. Mr. DeMerchant inquired as to the status of write-offs. Mr. Esten noted that some write-offs may occur in March and that he would update the Board at the March meeting.

There were no other questions or discussions from the Board.

**6. Other Business.**

The staff confirmed that there were no other matters to be discussed during this portion of the public meeting.

**7. Executive Session**

Mr. Fogarty suggested that the Board move into executive session. Upon motion duly made by Ms. Taito and seconded by Mr. DeMerchant, the motion to move the meeting into executive session pursuant to Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of Rhode Island, as amended, was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Fogarty, Ms. Taito, and Mr. DeMerchant.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: Mr. Stocker and Mr. Parsons.

Public session concluded and executive session began at 9:39 a.m.

**8. Return to Public Session**

Upon a motion duly made by Ms. Taito and seconded by Mr. DeMerchant, the motion to conclude executive session and return to public session was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Fogarty, Ms. Taito, and Mr. DeMerchant.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: Mr. Stocker and Mr. Parsons.

Executive session concluded and public session began at 9:57 a.m.

**9. Executive Session Vote Ratification**

Mr. Fogarty called for ratification of the votes adopted during executive session. Upon motion duly made by Mr. DeMerchant and seconded by Ms. Taito, the following votes were ratified:

- (a) To reject the request for a \$250,000 loan by NexGen Compliance Solutions, LLC

The following Directors voted in favor of the foregoing: Mr. Fogarty, Ms. Taito, and Mr. DeMerchant.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: Mr. Parsons and Mr. Stocker.

The Board next considered a motion duly made by Ms. Taito and seconded by Mr. DeMerchant to change the date of the March, 2011 meeting to March 23, 2011 at 9:30. The motion was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Fogarty, Ms. Taito, and Mr. DeMerchant.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: Mr. Stocker and Mr. Parsons.

There being no further business to come before the Board, Mr. Fogarty called for a vote to adjourn the meeting. Upon motion duly made by Mr. DeMerchant and seconded by Ms. Taito, the motion to adjourn the meeting was duly adopted.

The following Directors voted in favor of the foregoing: Mr. Fogarty, Ms. Taito, and Mr. DeMerchant.

The following Directors voted against the foregoing: None.

The following Directors were absent for the vote: Mr. Stocker and Mr. Parsons.

The meeting was adjourned at 9:59 a.m.

Respectfully submitted,

/s/ Sean W. Esten  
Sean W. Esten, Administrator

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